

# **Indiana Volkswagen Environmental Mitigation Trust Fund Advisory Committee Meeting**

Wednesday, October 24, 2018

1:00 p.m.

**Indiana State Museum Conference Room (3<sup>rd</sup> Floor) – 650 W. Washington St.**

- I. Welcome – Chair, Beverly Gard
- II. Call to Order – Chair, Beverly Gard
- III. Overview of comments received on draft Beneficiary Mitigation Plan (BMP) – Shawn Seals, IDEM, Office of Air Quality (OAQ)
  - A. Committee discussion and Q&A
- IV. Presentation – Recommended Refinements to BMP – Committee consideration – Shawn Seals, IDEM, OAQ
  - A. Committee discussion and Q&A
  - B. Committee direction regarding refinement and finalization of BMP
- V. Presentation – Proposed next steps/schedule of milestones – Scott Deloney, IDEM, OAQ
- VI. Public comment – Open floor for stakeholders
- VII. Closing remarks – Chair, Beverly Gard
- VIII. Adjournment



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# **Indiana Volkswagen Environmental Mitigation Trust Fund Advisory Committee Meeting**

**Shawn Seals**

Senior Environmental Manager

IDEM – Office of Air Quality

**October 24, 2018**



# Beneficiary Mitigation Plan Overview

- IDEM, as the Beneficiary, is required to submit to the Trustee a high-level vision of the Indiana Volkswagen Mitigation Trust Program
- In March 2018, IDEM provided an opportunity for the public and the Advisory Committee to provide input on the draft Beneficiary Mitigation Plan (BMP)
- Comments from the public and the Advisory Committee informed the development of the September 2018 revision of the draft BMP which was made available again to both groups for additional input
- IDEM is presenting today the results from these two rounds of comments with recommendations on key decision points for the Advisory Committee
- IDEM must submit a BMP to the Trustee before any diesel emission reduction projects can be implemented across Indiana



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# **Overview of Comments Received on Draft Beneficiary Mitigation Plan**

# General Comments Overview

- Strong support, although not universal, for school bus set-aside, including electric bus carve-out
- Numerous comments supporting funding heavy/medium duty electric vehicles
- Consistent support for 15% EV light-duty electric infrastructure
- Numerous comments supporting funding for propane, LNG class 8 trucks, transit buses, CNG ready mix trucks, natural gas vehicles, locomotives, airports, and ports
- General support for allocation percentages with several comments supporting DERA augmentation
- Several comments addressing open-ended program including all communities with some comments focusing on small cities and towns and urban, poor, and areas of color
- Many comments on Volkswagen funding levels, some supporting equal funding levels, others leaning towards higher funding levels for Government fleets, many noting that a lower funding level will increase the number of projects
- Fleet specific electric infrastructure funding comments and questions

# Diesel Emission Reduction Act Option BMP Recommendation and Comments (10% Allocation)

- Many commenters specifically recommended moving DERA allocation back up to the 10% range
  - These commenters included representatives from Ozinga Ready-Mix Concrete, Medidock ambulance idle reduction, private citizens, South Shore Clean Cities (representing hundreds of member organizations), Port of Indiana representatives, Caterpillar, and Cummins
  - IDEM has been contacted directly by port, airport and the mining sector representatives about reduction to DERA and how it limits their ability for transformational change
- Comments included:
  - “We would also like to request DERA funding % to rise. DERA funding is important because it encourages infrastructure projects to fuel the increased number of alternative fuel vehicles.”
  - “While vehicle idle reduction is not specifically indicated in the settlement, augmentation of DERA is, allowing a pathway for funding this important public health/air quality improvement.”
  - “We assert that transformational projects will most likely come from nonroad- and Diesel Emission Reduction Act (DERA)-eligible projects, which include more non-traditional equipment.”
  - “Returning the allocation to 10 percent would provide additional flexibility and increase options for improving air quality ...”
  - “... I would respectfully request that the funding for DERA Option Projects be raised to a minimum of 10%. The flexibility offered under DERA would greatly benefit the 25 port companies located on the Port of Indiana Burns Harbor ...”

# Diesel Emission Reduction Act Option BMP Recommendation and Comments (10% Allocation)

Project Type	Approx. Number of Engines/Vehicles	Fuel Type	Recent Funding Percentage
Idle Reduction – City/County Trucks, OTR Trucks	595	Diesel/Thermal	25%
Idle Reduction – School Bus	91	Diesel	25%
Vehicle Replacement – Delivery	4	CNG	25%
Vehicle Replacement – Refuse Hauler	7	Diesel	25%
Engine Replacement – Construction (Onroad)	7	CNG	25%
Vehicle Replacement – School Bus	2	Diesel	25%
Vehicle Replacement – School Bus	6	Propane	25%
Vehicle Replacement – Delivery	5	Propane	25%
Vehicle Replacement – Construction (Nonroad)	3	Diesel	25%
Idle Reduction – Locomotive	10	Diesel/Electric	40%
Vehicle Replacement – Rail Service	1	Propane	25%

# Volkswagen Funding Levels

## BMP Recommendation and Comments

### (All at Non-Government Rates per Appendix D-2, Excluding Fleet Specific Infrastructure)

- Many commenters spoke to the VW funding levels recommended in the Draft BMP
  - These commenters included representatives from United Parcel Service, MacAllister, Citilink, Ozinga Ready-Mix Concrete, Waste Management, Welsch Ready-Mix, Propane Autogas, private citizens, and consultants
- Comments included:
  - “...states can have a bigger impact, dollar for dollar, by deploying as many low emitting vehicles on the road as possible. If government entities use all of the funds, the impact will be muted as opposed to allowing more cost-share and maximizing vehicles deployed.”
  - “IDEM should not require the same level of match for governmental projects as for non-governmental projects but should have as a starting point the match requirements set forth in US EPA’s Executed Trust Agreement.”
  - *{With 25% reimbursement versus 75%}* “for the non-electric school buses, the result from VW funds could be about 170 to 280 new school buses put into service in Indiana.”

# Volkswagen Funding Levels

## BMP Recommendation and Comments

(All at Non-Government Rates per Appendix D-2)

Snapshot of D-2:

Local Freight Trucks and Buses		
	Non-Govt VW Fund	Govt VW Fund
Repower w/ new diesel or alt. fuel engine	40%	<del>Up to 100%</del>
Replace w/ new diesel or alt. fuel vehicle	Up to 25%	100%
Repower w/ new all-electric engine	75%	100%
Replace w/ new all-electric vehicle	75%	100%

- Incentivizes sustainable projects – no 100% funding and no fleet-specific electric infrastructure
- Fuel neutral – diesel and propane funded equally
- Allows for more projects
- Other programs do not fund buses at 100%
- Allows for existing energy platform already chosen by fleet owners

# **School Bus and Electric School Bus Carve-Outs BMP Recommendation and Comments (40% of Onroad Group to School Buses/ 30% of that to Electric School Buses)**

- A significant number of commenters spoke to the carve-outs recommended in the BMP
  - These commenters included representatives from Proterra, Adomani, Indiana Advanced Energy Economy, school superintendents, Propane Autogas, Indiana Propane Gas Association, citizens, and consultants
- Comments included:
  - “Most relevant to the Volkswagen funds, we find it important to first focus on the settlement’s main objective: reduce NOx emissions.”
  - “...fully appreciates and supports the proposed diesel repowering work but offers that we do not want to miss the strategic opportunity to leverage these funds in a focused way to accelerate electrification efforts.”
  - “...opposes the 30% allotment of the school bus funding (\$2.85 million) for electric school bus projects as this technology is unproven and extremely expensive.”
  - “We specifically applaud the ~\$2.85 million carve out for electric school bus projects and commend the allocation of the maximum 15% (~\$6.15 million) for light-duty electric infrastructure equipment in the Draft Plan.”



# **School Bus and Electric School Bus Carve-Outs BMP Recommendation and Comments**

## **(40% of Onroad Group to School Buses/ 30% of that to Electric School Buses)**

### Carve-outs:

- Allow for project selection without competing against higher NOx reducing projects
- Electric school buses, due to cost, do not score well against other projects, for example, off-road projects with high NOx reductions



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# **Recommended Refinements to Beneficiary Mitigation Plan**



# Decision Point Recommendations

<b>Decision Point</b>	<b>Draft BMP</b>	<b>BMP Recommendation</b>
Onroad Equipment and Vehicles Allocation	58%	52%
Nonroad Equipment and Vehicles Allocation	20%	20%
DERA Option Allocation	4%	10%
Light Duty Electric Infrastructure Allocation	15%	15%
Administrative Costs Allocation	3%	3%
Match Percentages	Government and Non-Government funding at Non-Government rates per Appendix D-2 of Consent Decree, No fleet specific infrastructure funding, 5% less for electric	Government and Non-Government VW funding at Non-Government rates per Appendix D-2 of Consent Decree, No fleet specific infrastructure funding
Carve-Outs	40% of Onroad to School Buses/30% of that to Electric School Buses	40% of Onroad to School Buses/30% of that to Electric School Buses



# Proposed Next Steps and Schedule of Milestones

- IDEM Submit Beneficiary Mitigation Plan to Trust –  
By October 31, 2018
- Draft Solicitation Packet and Scoring Criteria Provided  
to Advisory Committee – Early to Mid December 2018
- Next AC Meeting – January 2019
  - Advisory Committee Approval of Solicitation Packet
- Round 1 Project Solicitation – February 2019
- Advisory Committee Review of Project Selection  
Recommendations – April 2019
- Round 1 Project Awards – May 2019



# For More Information

**Indiana Volkswagen Mitigation Trust Program website:**

[www.idem.IN.gov/vwtrust](http://www.idem.IN.gov/vwtrust)

**Submit Beneficiary Mitigation Plan comments to:**

[VWTrust@idem.IN.gov](mailto:VWTrust@idem.IN.gov)

**For program assistance:**

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